

**SCHOOL ACTIVITY ACCOUNTS  
of**

**Bakerfield Elementary School,  
Baker Heights Elementary School,  
Park Ridge Elementary School,  
Baker Middle School, and  
Baker High School  
Baker, Louisiana**

**Summary of Changes in School Activity Accounts  
and Independent Auditor's Report  
For the Eleven Months Ended May 31, 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9-10-03

**Melvin L. Davis**  
**Certified Public Accountant**  

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(A Limited Liability Company)

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**Summary of Changes in School Activity Accounts  
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**INDEPENDENT AUDITOR'S REPORT**

The City of Baker School Board  
Baker, Louisiana  
and  
The East Baton Rouge Parish School Board  
Baton Rouge, Louisiana

I have audited the accompanying Summary of Changes in School Activity Accounts of the Bakerfield Elementary School, Baker Heights Elementary School, Park Ridge Elementary School, Baker Middle School, and Baker High School within the East Baton Rouge Parish School Board System as of and for the eleven months ended May 31, 2003, under the terms of a intergovernmental agreement dated July 25, 2003, between the East Baton Rouge Parish School Board and the City of Baker School Board. This summary is the responsibility of the East Baton Rouge Parish School Board's management. My responsibility is to express an opinion on this summary based on my audit.

Except as discussed in the following paragraph, I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Summary of Changes in School Activity Accounts is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall summary presentation. I believe that my audit provides a reasonable basis for my opinion.

Because of the inadequacy of accounting records and the lack of adequate controls over cash receipts/additions for the eleven months ended May 31, 2003, I was unable to form an opinion regarding the amounts at which receipts/additions are recorded in the accompanying Summary of Changes in School Activity Accounts at May 31, 2003 (stated at \$586,294.60). This reportable condition is described in the accompanying schedule of findings as item X3-1 "Lack of Adequate Controls over Receipts/Additions.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the accounting records and controls been adequate for me to satisfy myself about the receipts/additions in the summary, the summary referred to in the first paragraph present fairly, in all material respects, the results of its changes for the eleven months ended May 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

My audit was made for the purpose of forming an opinion on the summary referred to in the first paragraph taken as a whole. The accompanying information on pages 5 through 11 is presented for purposes of additional analysis and is not a required part of the above summary. Such information has been subjected to the auditing procedures applied in the audit of the summary referred to above; and in my opinion, the information is fairly stated in all material respects in relation to the above summary taken as a whole.



July 10, 2003

Melvin L. Davis, CPA, LLC

**School Activity Accounts****SUMMARY OF CHANGES IN SCHOOL ACTIVITY ACCOUNTS, BY SCHOOL****For The Eleven Months Ended May 31, 2003**

<u>School</u>	<u>Balances July 1, 2002</u>	<u>Receipts/ Additions</u>	<u>Disbursements/ Deductions</u>	<u>Balances May 31, 2003</u>
Bakerfield Elementary School	\$ 41,558.66	\$ 51,663.05	\$ 60,020.21	\$ 33,201.50
Baker Heights Elementary School	12,168.55	34,228.97	35,695.70	10,701.82
Park Ridge Elementary School	42,875.65	29,609.08	43,841.26	28,643.47
Baker Middle School	20,332.88	136,385.16	149,727.83	6,990.21
Baker High School	169,502.34	334,408.34	316,666.69	187,243.99
 Total	 \$ 286,438.08	 \$ 586,294.60	 \$ 605,951.69	 \$ 266,780.99

**School Activity Accounts  
Baker, Louisiana**

**NOTES TO THE SUMMARY OF CHANGES IN SCHOOL ACTIVITY ACCOUNTS  
For the Eleven Months Ended May 31, 2003**

**1. GENERAL INFORMATION**

The City of Baker School Board created by a constitutional amendment to Section 13 of Article VIII of the Louisiana Constitution of 1974, and subject to Louisiana Revised Statute §17:72 will begin operation as a school system separate from the East Baton Rouge Parish School Board on July 1, 2003. As of this date, the City of Baker School Board will assume, custody and control of any school activity funds of Bakerfield Elementary School, Baker Heights Elementary School, Park Ridge Elementary School, Baker Middle School, and Baker High School.

The school activity accounts shall be maintained and managed in accordance with Louisiana Revised Statute §17:414.3.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

East Baton Rouge Parish School Board complies with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles.

The school activity accounts are reported in the fiduciary fund of East Baton Rouge Parish School Board financial statements for the year ended June 30, 2003. The accounts are considered Agency Funds that are used to account for assets held by the School Board as an agent for schools, student organizations or other governmental units and/or other funds. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**3. AMOUNTS DUE TO THE EAST BATON ROUGE PARISH SCHOOL SYSTEM**

Included in the Summary of Changes in School Activity Accounts are amounts due to the East Baton Rouge Parish School System as follows:

Bakerfield Elementary School:	
Lost Textbooks	\$ 58.48
Lost Library Books	74.30
Baker Middle School:	
Graphic Arts Budget	257.52
Lost Textbooks	533.58
Lost Library Books	<u>633.65</u>
Total	<u>\$ 1,557.53</u>

**School Activity Accounts**

**NOTES TO THE SUMMARY OF CHANGES TO SCHOOL ACTIVITY ACCOUNTS**

**May 31, 2003**

**4. SUBSEQUENT EVENTS**

On July 1, 2003, the East Baton Rouge Parish School System made an initial transfer of school activity funds to the City of Baker School Board, by school as follows:

Bakerfield Elementary School	\$ 33,201.50
Baker Heights Elementary School	10,701.82
Park Ridge Elementary School	28,643.47
Baker Middle School	5,565.46
Baker High School	170,374.92

In addition, during the month of June 2003, Baker High School collected funds totaling \$2,468.25. None of the other schools recorded any transactions during the month of June 2003.

**BAKERFIELD ELEMENTARY SCHOOL**  
**SCHEDULE OF CHANGES IN SCHOOL ACTIVITY ACCOUNTS**  
**For The Eleven Months Ended May 31, 2003**

**Schedule 1**

Accounts	Balances July 1, 2002	Receipts/ Additions	Disbursements/ Deductions	Balances May 31, 2003
General Fund	\$ 34,366.50	\$ 32,519.69	\$ 37,616.07	\$ 29,270.12
Graphic Arts Budget	-	1,329.00	1,329.00	-
State Award Fund	3,747.94	99.38	3,847.32	-
Pre-Kindergarten	30.29	101.00	131.29	-
Kindergarten	1.54	2,011.00	2,011.00	1.54
1st Grade	62.66	1,777.00	1,775.64	64.02
2nd Grade	6.51	1,406.45	1,395.64	17.32
3rd Grade	59.86	1,058.00	1,041.15	76.71
4th Grade	24.81	1,440.00	1,440.00	24.81
5th Grade	36.44	2,244.70	2,212.12	69.02
Special Education Department	30.21	1,144.00	1,124.00	50.21
EBRPSS Elementary Art		230.50	230.50	-
EBRPSS Elementary Music		230.50	230.50	-
Library	2,661.56	2,341.60	1,666.01	3,337.15
Physical Education	91.74	2,390.76	2,433.27	49.23
Beta Club	234.31	1,304.87	1,502.10	37.08
Four H Club	71.51			71.51
Lost Textbooks	58.48			58.48
Lost Library Books	74.30	34.60	34.60	74.30
Total	\$ 41,558.66	\$ 51,663.05	\$ 60,020.21	\$ 33,201.50

**BAKER HEIGHTS ELEMENTARY SCHOOL**  
**SCHEDULE OF CHANGES IN SCHOOL ACTIVITY ACCOUNTS**  
**For The Eleven Months Ended May 31, 2003**

**Schedule 2**

Accounts	Balances July 1, 2002	Receipts/ Additions	Disbursements/ Deductions	Balances May 31, 2003
General Fund	\$ 87.97	\$ 17,005.62	\$ 13,840.14	\$ 3,253.45
Graphic Arts Budget		1,365.00	1,365.00	-
PTA/PTO	1,427.37	325.50		1,752.87
Faculty	1,218.75		1,218.75	-
Pre-Kindergarten	162.27	487.95	436.88	213.34
Kindergarten	391.81	1,007.00	674.89	723.92
1st Grade	327.86	827.25	810.74	344.37
2nd Grade	397.63	561.50	477.79	481.34
3rd Grade	315.26	835.00	675.08	475.18
4th Grade	291.37	2,071.00	1,967.27	395.10
5th Grade		4,940.25	4,940.25	-
Special Education Department	640.66			640.66
Art	241.50	237.00	478.50	-
Music	241.50	237.03	478.53	-
Library	6,124.30	4,267.25	8,010.04	2,381.51
Physical Education	96.08		56.00	40.08
Lost Library Books	204.22	61.62	265.84	-
Total	<u>\$ 12,168.55</u>	<u>\$ 34,228.97</u>	<u>\$ 35,695.70</u>	<u>\$ 10,701.82</u>



**PARK RIDGE ELEMENTARY SCHOOL**  
**SCHEDULE OF CHANGES IN SCHOOL ACTIVITY ACCOUNTS**  
**For The Eleven Months Ended May 31, 2003**

**Schedule 3**

Accounts	Balances July 1, 2002	Receipts/ Additions	Disbursements/ Deductions	Balances May 31, 2003
General Fund	\$ 29,720.93	\$ 18,755.71	\$ 24,362.24	\$ 24,114.40
Graphic Arts Budget	166.76	2,350.13	2,516.89	-
PTA/PTO	323.78		323.78	-
State Award Fund	5,542.74		5,505.46	37.28
Faculty	569.30	277.30	554.60	292.00
Grant 01		1,000.00	1,000.00	-
Pre-Kindergarten	302.08	195.00	429.66	67.42
Kindergarten	502.11	710.15	1,073.12	139.14
1st Grade	791.08	1,715.50	2,440.30	66.28
2nd Grade	50.50	285.00	157.59	177.91
3rd Grade	491.80	230.00	561.70	160.10
4th Grade	520.67	167.00	655.93	31.74
5th Grade	201.96	1,782.50	1,304.60	679.86
Special Education Department	5.02	25.00	8.72	21.30
Art	250.00	255.50	505.50	-
Music	250.00	255.50	505.50	-
Library	2,888.79	31.00	63.75	2,856.04
Physical Education		1,420.50	1,420.50	-
Lost Textbooks	55.00	153.29	208.29	-
Lost Library Books	243.13		243.13	-
Total	<u>\$ 42,875.65</u>	<u>\$ 29,609.08</u>	<u>\$ 43,841.26</u>	<u>\$ 28,643.47</u>

**BAKER MIDDLE SCHOOL**  
**SCHEDULE OF CHANGES IN SCHOOL ACTIVITY ACCOUNTS**  
**For The Eleven Months Ended May 31, 2003**

**Schedule 4**

Accounts	Balances July 1, 2002	Receipts/ Additions	Disbursements/ Deductions	Balances May 31, 2003
General Fund	\$ 24,710.46	\$ 14,826.40	\$ 37,406.51	\$ 2,130.35
Graphic Arts Budget		1,926.00	1,668.48	257.52
State Award Fund	3,135.19	(636.35)	2,498.84	-
Pepsi Donations	106.31	2,107.44	1,942.65	271.10
Faculty	10.33	(10.33)		-
Grant 01: Science Grant	500.00		500.00	-
Grant 02: Walmart Grant	491.84		491.84	-
Grant 03		1,053.06	1,053.06	-
Language Arts Department	5.00	(1,125.75)	(1,329.50)	208.75
English	2.00		2.00	-
Math Department	(6,724.13)	9,274.31	2,550.18	-
School Trip		29,215.05	29,215.05	-
Social Studies Department	336.00	180.00	516.00	-
Special Education	73.00	100.00	173.00	-
Special Education: Revolving		2,312.00	2,312.00	-
Home Economics		1,242.22	1,242.22	-
Industrial Arts	387.41	100.00	487.41	-
Art	10.00		10.00	-
Music	33.53	301.47	335.00	-
Library	376.17	900.00	955.78	320.39
Beta Club	527.94	8,481.09	9,009.03	-
Industrial Arts Club	6.71		6.71	-
Science Club	6.50		6.50	-
Library Club	1,600.00	41,018.00	41,286.02	1,331.98
Four H Club		408.00	408.00	-
Yearbook	892.00	(84.09)	807.91	-
Home Economics: Revolving		1,855.29	1,855.29	-
Home Economics		1,128.81	(174.08)	1,302.89
Industrial Arts: Revolving		1,288.00	1,288.00	-
Industrial Arts		-	-	-
General Athletics	(6,257.87)	6,257.87		-
Football	25.00	2,620.70	2,645.70	-
Basketball: Boys	(34.00)	104.00	70.00	-
Volleyball	20.00	80.00	100.00	-
Basketball: Girls		1,052.84	1,052.84	-
Cheerleaders		9,335.39	9,335.39	-
Lost Textbooks		533.58		533.58
Lost Library Books	93.49	540.16		633.65
<b>Total</b>	<b>\$ 20,332.88</b>	<b>\$ 136,385.16</b>	<b>\$ 149,727.83</b>	<b>\$ 6,990.21</b>

**BAKER HIGH SCHOOL**  
**SCHEDULE OF CHANGES IN SCHOOL ACTIVITY ACCOUNTS**  
**For The Eleven Months Ended May 31, 2003**

**Schedule 5**

Accounts	Balances July 1, 2002	Receipts/ Additions	Disbursements/ Deductions	Balances May 31, 2003
General Fund	\$ 85,558.45	\$ 60,846.45	\$ 32,772.73	\$ 113,632.17
Graphic Arts Budget		2,976.00	2,976.00	-
Faculty	6,846.62	9,777.71	9,573.11	7,051.22
Grant 01	434.49	8,523.87	8,958.36	-
Grant 02	182.68		182.68	-
Class of 2003		16,530.00	7,770.15	8,759.85
English	1,009.22	310.00	835.12	484.10
Science Department	1,365.45	756.00	1,026.33	1,095.12
Social Studies Department	640.29	4,960.27	3,927.41	1,673.15
Special Education Department		3,290.26	3,290.26	-
Cooperative Education		2,688.50	2,647.70	40.80
Distributive Education (DECA)	4,842.01	3,608.10	4,906.45	3,543.66
Art	417.91	803.00	656.01	564.90
Band	263.79	29,736.40	27,852.62	2,147.57
Vocal Music (Choir)		2,307.40	2,236.56	70.84
Guidance	257.21	2,990.92	2,894.04	354.09
Library	1,481.33	865.74	2,086.72	260.35
Physical Education	443.15	171.00		614.15
Driver's Education		3,995.00	3,995.00	-
Beta Club	1,392.11	628.07	551.56	1,468.62
Language: French	71.92	4,421.00	4,488.04	4.88
Language: Spanish	557.25			557.25
Mu Sigma	63.30		46.34	16.96
National Honor Society	25.00			25.00
Computer Club	37.64	333.78	371.42	-
Four H Club		130.00	61.34	68.66
Future Farmers of America	149.93	3,090.38	1,899.93	1,340.38
Interact	2,029.11	2,072.70	2,649.37	1,452.44
Presidents' Round Table	73.11			73.11
Student Advisory Committee	554.13	1,420.05	1,129.84	844.34
Yearbook	35.00			35.00
Agriculture: Revolving	406.47	4,150.00	4,212.18	344.29
Electronics: Revolving	84.75	1,734.18	1,680.20	138.73
Graphic Arts: Revolving		2,274.50	2,091.25	183.25
Home Economics: Revolving	341.65	4,910.00	5,002.85	248.80
Welding: Revolving	132.05	3,112.20	2,766.98	477.27
Woodworking: Revolving		1,673.00	1,624.81	48.19
Football	47,343.94	86,234.09	106,922.30	26,655.73
Basketball: Boys	3,731.27	15,520.25	14,730.22	4,521.30
Baseball	885.66	8,388.92	8,325.88	948.70
Track: Boys	1,054.50	1,266.29	1,720.95	599.84
Volleyball	462.48	2,436.61	2,064.07	835.02
Basketball: Girls	821.57	2,223.67	1,536.00	1,509.24

**BAKER HIGH SCHOOL**  
**SCHEDULE OF CHANGES IN SCHOOL ACTIVITY ACCOUNTS**  
**For The Eleven Months Ended May 31, 2003**

**Schedule 5**

<u>Accounts</u>	<u>Balances July 1, 2002</u>	<u>Receipts/ Additions</u>	<u>Disbursements/ Deductions</u>	<u>Balances May 31, 2003</u>
Softball	322.63	2,331.81	1,502.71	1,151.73
Golf	44.69			44.69
Cheerleaders	(646.45)	12,695.52	10,765.49	1,283.58
Dance Corps	4,084.77	18,224.70	20,852.21	1,457.26
Flag Corps	1,615.65		1,083.50	532.15
	<u>85.61</u>			<u>85.61</u>
Total	<u>\$ 169,502.34</u>	<u>\$ 334,408.34</u>	<u>\$ 316,666.69</u>	<u>\$ 187,243.99</u>

(Concluded)

**SCHOOL ACTIVITY ACCOUNTS**  
**SCHEDULE OF CASH AND CASH EQUIVALENTS, BY SCHOOL**  
**AND RECONCILIATION TO SCHOOL ACTIVITY ACCOUNT BALANCES**  
**For the Eleven Months Ended May 31, 2003**

**Schedule 6**

<u>School and Account Type</u>		<u>Amount</u>
Bakerfield Elementary School		
Bank One - Checking Account		\$ 33,201.50
Baker Heights Elementary School		
Bank One - Checking Account		10,701.82
Park Ridge Elementary School		
Bank One - Checking Account		28,643.47
Baker Middle School		
Bank One - Checking Account		6,990.21
Baker High School		
Bank One - Checking Account	170,374.92	
Hancock Bank - Savings Account	4,762.08	
Hancock Bank - Certificate of Deposit #06363093	2,896.99	
Hancock Bank - Certificate of Deposit #00203513	2,710.00	
Hancock Bank - Certificate of Deposit #00173622	2,000.00	
Hancock Bank - Certificate of Deposit #00188301	2,000.00	
Hancock Bank - Certificate of Deposit #00157678	2,500.00	187,243.99
Total Cash and Cash Equivalents		266,780.99
Total School Activity Account Balances, per Summary (Page 2)		(266,780.99)
Differences		<u>NONE</u>

**School Activity Accounts  
East Baton Rouge Parish School Board  
and  
City of Baker School Board**

**SCHEDULE OF FINDINGS  
For the Eleven Months Ended May 31, 2003**

**X3-1) Lack of Adequate Controls Over Cash Receipts/Additions**

**Condition:** My tests of cash receipts/additions transactions totaling \$586,294.60 for the five schools disclosed the following weaknesses:

- Unable to determine whether cash receipts were deposited intact daily.
- Found no evidence of use of teacher logs to account for monies collected by teachers.
- Some cash receipts not supported with details sufficient to identify source of funds.
- Several remittance advices or letters that accompanied receipts were not given to the Secretary/Bookkeeper.
- Many receipts issued by Baker Middle School undated, some issued cumulatively for certain events or activities.
- Test of two (2) football game reports at Baker High School revealed that unsold tickets not considered on the game report reconciliation.
- Administrators of Baker High School did not submit for approval by the East Baton Rouge Parish School System, "Request for Fundraising" forms for various fundraising activities conducted during the academic year.

**Criteria:** Good internal control requires the accountability and maintenance of detailed records and supporting documentation for all cash receipts transactions.

**Effect:** Due to the lack of detailed records and no supporting documentation, I am unable to determine whether cash receipts collected by the five schools are complete and accurate. Further, where deposits are untimely, there exists risk of loss from burglary, misplacement, or misappropriation, and the cash is not available for expenditures or investment.

**Cause:** The Secretary/Bookkeeper(s) and Principal(s) were not aware of the need to ensure additional accountability over cash receipts/additions.

**Recommendations:** To ensure adequate accountability and controls over cash receipts/additions, I offer the following recommendations:

- Deposits should be made on a daily basis both to improve cash flow and to reduce the risk of loss;
- Pre-printed and pre-numbered receipts should be given for all collections and copies should be retained for reconciliation and audit purposes;
- Teachers should be made aware of the need to maintain accurate and systematic records of all monies collected;
- Teachers should maintain a log to record collections of monies and a copy of the log should be submitted to the principal's office to allow for comparison to the receipt records and to provide for an audit trail;
- Ticket reconciliation reports should compare the total number of tickets printed, the total number of tickets sold, and the total number of unsold tickets to cash collections. Also, the unsold tickets should be retained for audit purposes; and
- All fundraising activities should be approved in advance and upon completion, reports should be submitted to the principal's office summarizing the result of such activities.



**School Activity Accounts  
Schedule of Findings  
For the Eleven Months ended May 31, 2003**

**X3-2) Lack of Controls Over Cash Disbursements/Deductions**

**Condition:** My tests of cash disbursements/deductions transactions totaling \$605,951.69 for the five schools disclosed the following weaknesses:

**Bakerfield Elementary School** – Twelve (12) check requests were not signed by the principal; one (1) request was not signed by neither the requestor nor the principal; and two (2) requests were accompanied by neither invoices nor other supporting documentation.

**Baker Middle School** – Seven (7) check requests were accompanied by neither invoices nor other supporting documents (\$8,037.06); five (5) requests were supported by copies of receipts or invoices (\$5,420.00); five (5) requests were paid from copies of vendor statements (\$8,409.02); and three (3) requests were copies of proposals and/or quote sheets (\$1,454.46).

**Baker High School** – Four (4) check requests were accompanied by neither invoices nor other supporting documents (\$7,364.75); eleven (11) requests were supported by copies of receipts or invoices (\$20,089.44); two (2) requests were paid from copies of vendor statements (\$3,135.03); two (2) requests were not signed by the principal, and the school failed to submit a expenditure of \$21,047.75 for approval of the East Baton Rouge Parish School System the "Major Withdrawal of Disbursement Request," which is required for purchases exceeding \$10,000.

**Criteria:** Both LSA R.S. 17:414.3(B)(3)(a-c) and the Administrative Guidelines for Management of School Funds promulgated by the East Baton Rouge Parish School Board require that request contain two (2) signatures, one of which must always be the principal's signature. The other signature should be from another school administrator, faculty member, officer, member, or sponsor of the entity. In addition, good internal administrative controls and the school board's guidelines require that disbursements be supported by original invoices or other supporting documents. The guidelines also require that a signed cash ticket be obtained if an invoice is unavailable.

**Effect:** These payments can result in lack of the principal's oversight to ensure compliance with laws, regulations, and control features in school and school board policies. In addition, the payments can result in payment for incorrect amounts, payments for goods or services not received, unauthorized payment of invoices and duplicate payments of invoices.

**Cause:** In most instances, the original supporting documents have been lost or misplaced. Also, the school has not placed sufficient emphasis on ensuring that all invoices, receipts, and other supporting documents are received and filed centrally until given to the secretary/bookkeeper for payment.

**Recommendation:** I recommend that controls over cash disbursement could be improved by performing the following procedures when paying bills:

- Create a file in which all invoices and supporting documents can be placed until ready for payment;
- When expenditures are not likely to be supported by formal invoice or other supporting document, require that appropriate explanation and description of expenditures, etc. be placed on the check request form to serve as the supporting document accompanying checks to be signed;

**School Activity Accounts  
Schedule of Findings  
For the Eleven Months ended May 31, 2003**

**X3-2) Lack of Controls Over Cash Disbursements/Deductions (Continued)**

- To reduce the risk of duplicate payment for purchases, payments should only be made from original invoices that are routinely canceled by indicating the date paid, check number, etc. on the invoice and all duplicate invoices. Information unnecessary for documentation of the transaction should be discarded;
- The principal or his designee should sign the check and initial the invoices to indicate review and approval of the invoices;
- Paid invoices should be filed in a manner that makes them easily accessible; and
- School administrator place more emphasis on signing the check request form to ensure compliance with laws and regulations and the appropriateness of the transactions.



**School Activity Accounts  
Schedule of Findings  
For the Eleven Months ended May 31, 2003**

**X3-3) Noncompliance With Uniform Unclaimed Property Act**

**Condition:** During the period of my audit, the schools wrote-off the following checks:

Bakerfield Elementary School – Two (2) checks totaling \$22.90  
Baker Heights Elementary School – Two (2) checks totaling \$329.50  
Baker High School – Three (3) checks totaling \$107.00

**Criteria:** The “Uniform Unclaimed Property Act of 1997”, Louisiana Revised Statute (LSA-R.S.) 9:151 et.al requires that the holder of property (i.e., checks) unclaimed or presumed abandoned after a prescribed period of time to file a report as required by LSA-R.S. 9:159 and to pay, transfer, or cause to be paid or transferred to the State Treasurer the property described in the report as unclaimed.

**Effect:** The school's bank account balances are overstated by \$22.90, \$329.50, and \$107.00 respectively, and are in noncompliance with state law. In addition, the payees are deprived of the use of the funds.

**Cause:** The writing of checks outstanding or not cashed for a period of time has been a practice of the East Baton Rouge Parish School Board and the Principals and Secretary/Bookkeepers were not aware of the “Uniform Unclaimed Property Act of 1997”.

**Recommendation:** I recommend that the school board establish a formal, written policy concerning old outstanding and uncashed checks based on current State laws. The policy should specify aging milestones with required actions.

**School Activity Accounts  
Schedule of Findings  
For the Eleven Months ended May 31, 2003**

**X3-4) Undocumented General Journal Entries**

**Condition:** My review of Baker Middle School's general journal entries revealed that entries lacked adequate explanations, sufficient supporting documentation, and proper approval.

**Criteria:** Adequate internal control requires that all financial transactions be properly approved and supported by sufficient documentation.

**Effects:** Individual account balances within the Student Activity Fund may be based on incomplete and/or inaccurate financial information.

**Cause:** The Secretary/Bookkeeper is not an accountant and was not aware of the documentation and approval requirements. In addition, she followed the practice instituted during her tenure as the custodian of the student activity accounts. Also, the Secretary/Bookkeeper indicated that she had been instructed to make the adjustments by the East Baton Rouge School Board Internal Audit staff and that the principal had instructed her to close some of the activity accounts.

**Recommendation:** I recommend the adoption of a policy whereby all journal entries should be prepared by the Secretary/Bookkeeper and approved by the appropriate school district personnel. In addition, all journal entries should be accompanied by full explanation and by reference to adequate supporting data.

## **CORRECTIVE ACTION PLAN**

**City of Baker**  
**School Board**

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P.O. Box 680  
Baker, Louisiana 70704-0680  
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School Board  
Mrs. Elaine G. Davis, President  
Dr. Dana Carpenter, Vice-President  
Mr. Calvin Dees  
Mrs. Jane Freudenberger  
Mr. George Gallman

August 13, 2003

Melvin Davis, CPA  
6430 Garland Avenue  
Baker, LA 70714

Subject: Audit of School Activity Funds

Mr. Davis,

I concur with the findings listed in your audit report, and will implement the recommendations stated in the report.

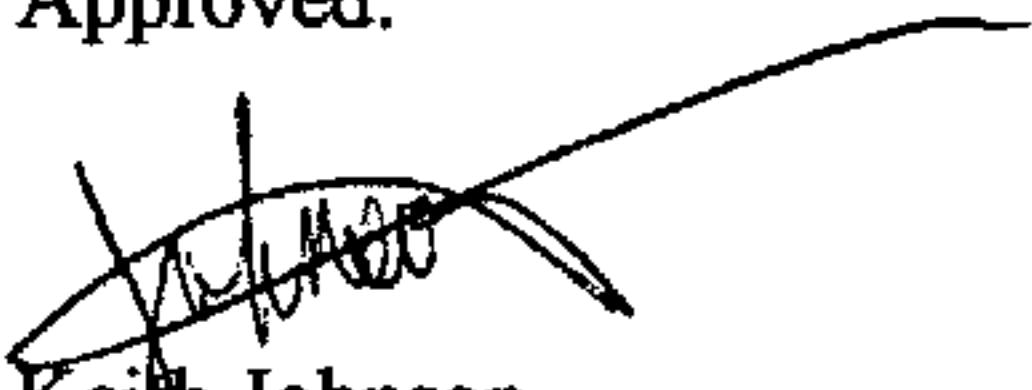
As discussed in the exit conference, the Louisiana Legislative Auditor's Guide entitled, **SCHOOL ACTIVITY ACCOUNTS: Accounting, Auditing, and Financial Reporting** will be adopted as our interim policy and procedures manual for School Activity Funds.

Sincerely,



Brenda Williams, CPA, CIA  
Business Manager

Approved:



Keith Johnson  
Director of Support Services